



Town of Cottage Grove TRANSFER OF DEVELOPMENT RIGHTS PROGRAM General Information

What does Transfer of Development Rights mean?

The Transfer of Development Rights (TDR) is a tool for protecting farmland and other resources from development while still allowing residential development to occur in other areas. Through comprehensive and land use planning, communities are able to identify areas where they want to maintain the existing agricultural or rural environment ("sending areas") and areas where they want to direct new residential development ("receiving areas").

Development rights are comparable to other rights that come with a parcel of land such as mineral rights, water rights, or logging rights. When a landowner sells all or a portion of his or her development rights, the right to develop or subdivide that parcel of land is permanently reduced by the number of development rights sold. However, the landowner still retains all other rights and responsibilities associated with the land.

TDR in the Town of Cottage Grove is a voluntary program between willing buyers and sellers via private transactions. Owners of farmland are able to capture development value from their land by selling some or all of their development rights to a willing buyer. Only properties identified in sending or receiving areas in the *Town of Cottage Grove Comprehensive Plan 2020* are eligible for participation in the TDR program.

How do I know if my property is located within a sending area?

Please review the attached map to make this determination. Sending areas are identified as 1. "Agricultural" and 8. "Open Space/Park". Only those properties located within these areas are eligible as sending areas.

How do I know the number of development rights tied to my property?

The general rule of thumb is that properties in the sending areas have one transferable development right for every 35 acres owned as of 5/15/1982. Parcels under 35 acres do not have any transferable development rights. However, several other factors ultimately determine the actual number of transferable development rights on a property. These other factors are described in detail in the town comprehensive plan and include the exact acreage, existing residences on the property, length of ownership, and the history of the property.

The best way for both sellers and buyers to determine the actual number of transferable development rights is to request a density study from Dane County. The landowner must grant permission for the density study and the application fee is \$100. However, this fee is waived for landowners participating (or thinking of participating) in the Town's TDR program.

How much are my development rights worth?

The value of development rights is unique to each property. Ordering a full narrative appraisal report from a certified appraiser is a good way to determine the value. Providing the results of the density study to the appraiser helps ensure that he or she has the information they need to complete their job. Ultimately the sales price is determined through negotiations between the seller and buyer. Hiring an attorney is recommended for the negotiation process.

In general, appraisers will look at other land transactions in Dane County to determine the value of the development rights on your property. First, they will determine the highest and best use of the property in its current condition, before the development rights are sold, e.g. rural residential development. They will look at other sales in Dane County on similar properties to determine the value of the highest and best use of the property in its current condition. Second, they will determine the highest and best use of the property once the development rights have been removed, e.g. agricultural or recreational property. Again they will look at other sales on similar properties to determine the value of the highest and best use once the development rights have been sold. Finally, they will calculate the difference between the highest and best use with development and the highest and best use without the development rights to determine the value of the development rights.

How do I go about transferring my development rights?

There are two options for transferring your development rights. The first is to hire a real estate broker or attorney that can try to find a potential buyer for you. The second is to contact the Town of Cottage Grove. The Town will then try to find a potential buyer. Once you have found a potential buyer you should work with your attorney during the sales process.



Town of Cottage Grove TRANSFER OF DEVELOPMENT RIGHTS PROGRAM Participating as a Seller of Development Rights

Optional:
Meet with Town or County representatives to discuss the TDR Program.

Recommended:
Hire an attorney if you are interested in participating.

Request a density study on your property through the Town of Cottage Grove. Forms are available through the Town. Landowners making the request through the TDR Program will have the \$100 fee waived.

Commission a full-narrative appraisal report from a certified appraiser. The appraisal fee (\$1,000+) can be negotiated with your buyer. Be sure to give the appraiser a copy of the density study. Multiple appraisals can be ordered if you are unsatisfied with the values presented.

Decide if you are still interested in the participating based on the density study and appraisal report.

Not interested: You are under no obligations to continue. You may use the information you have collected thus far for your personal benefit.

Interested: Submit an Offer to Sell to your buyer or review Offer to Purchase submitted to you by your buyer.

At a minimum, any purchase contract that you enter into should include:

- Copy of the restrictions that will be placed on your property so that you know exactly what you are being paid for.
- Contingency that the Town and County must approve the transaction

Don't Accept Offer: You are under no obligations to continue. You may use the information you have collected thus far for your personal benefit.

Accept Offer: Notify the Town that you have an accepted Offer. Complete any obligations required by sale. Consult with your bank if the property is mortgaged. Prepare to close.

The Town will notify you when the Town and County have approved the transaction.

Close the transaction with the buyer.